

Rural Cellular Association

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May 3, 2012

Via ECFS

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554

Re: WT Docket No. 12-69

WT Docket No. 12-4

RM-11592

Dear Ms. Dortch:

On May 1, 2012, Steven Berry, Tim Donovan and I met with Commissioner Mignon Clyburn and Louis Peraertz, Legal Advisor to the Commissioner, to discuss the Commission's Interoperability Notice of Proposed Rulemaking (NPRM)¹ and the proposed Verizon – SpectrumCo and Verizon – Cox transactions. RCA continues to believe that the FCC should impose an interoperability mandate on the Lower 700 MHz spectrum. Despite extensive RCA member efforts to deploy on the Lower 700 MHz A Block spectrum, the lack of interoperability in the Lower 700 MHz band remains an intractable problem. The parties also discussed RCA's Petition to Condition or Otherwise Deny the Verizon/SpectrumCo/Cox transactions (the "Transactions").

As discussed, the Commission has broad legal authority to impose an interoperability mandate.² The Commission can require all wireless licensees operating in the Lower 700 MHz band to conduct their operations in a manner that ensures interoperability, such as requiring licensees in the A, B, & C Blocks to employ devices that operate in Band Class 12. While the Commission should adopt an interoperability requirement in the Lower 700 MHz band and set a certain date for compliance, the FCC should implement procedures that will enable the industry to work together to find technical solutions to the interoperability problem with sufficient Commission involvement and oversight to correct the marketplace distortions caused by AT&T's exercise of market power.

RCA also discussed the numerous anti-competitive harms that would result from an unconditioned grant of the Transactions. The Transactions would assign substantial additional nationwide spectrum resources to Verizon Wireless – one of the two largest wireless carriers – which already maintains a significant warehouse of unused spectrum as referenced by its proposal to sell its 700 MHz A and B Block spectrum. In addition, the Transactions would increase the dominant power of Verizon Wireless by further cementing its dominant position in both the retail and wholesale wireless markets. Specifically, the Transactions would increase Verizon Wireless' dominant control over critical inputs needed by competitive wireless carriers to provide competitive services to consumers: spectrum,

¹ Promoting Interoperability in the 700 MHz Commercial Spectrum, Notice of Proposed Rulemaking, WT Docket No. 12-69 (rel. Mar. 21, 2012).

² 47 U.S.C. §§ 303(b), 303(g), 303(r), 316.

access to interoperable handsets, affordable wireless backhaul services and offload, and roaming on commercially reasonable rates and conditions. Without meaningful access to these inputs, consumers will be unable to receive competitive services on a nationwide basis.

To mitigate these harms, the Commission must require substantial divestitures of un-or-underused, useable spectrum within a long term evolution ("LTE") ecosystem from Verizon to competitive, operating entities that require additional spectrum immediately. Verizon must not be allowed to dictate which spectrum it will divest. Additionally, the FCC promote interoperability by ensuring that Verizon does not bifurcate the AWS band, much like the situation that has occurred in the 700 MHz band. The Commission also must ensure that affordable backhaul, offload and special access are available to competitive carriers. Finally, the FCC should require Verizon to offer voice and data roaming rates at least as favorable as the reseller rates Verizon has offered to the Cable Companies pursuant to these integrated Transactions, as such reseller rates are a reasonable proxy for what would be commercially reasonable in a properly functioning market.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206 of the Commission's Rules.

Sincerely,

/s/

Rebecca Murphy Thompson General Counsel

cc: Commissioner Mignon Clyburn Louis Peraertz